

# **Joint Senate/Assembly Committee Hearing on Proposition 46 October 11, 2006**



**California Department of Housing and Community Development**  
Lynn Jacobs - Director

# HCD Mission Statement



Provide leadership, policies, and programs  
to preserve and expand  
safe and affordable housing opportunities and  
promote strong communities  
for all Californians.



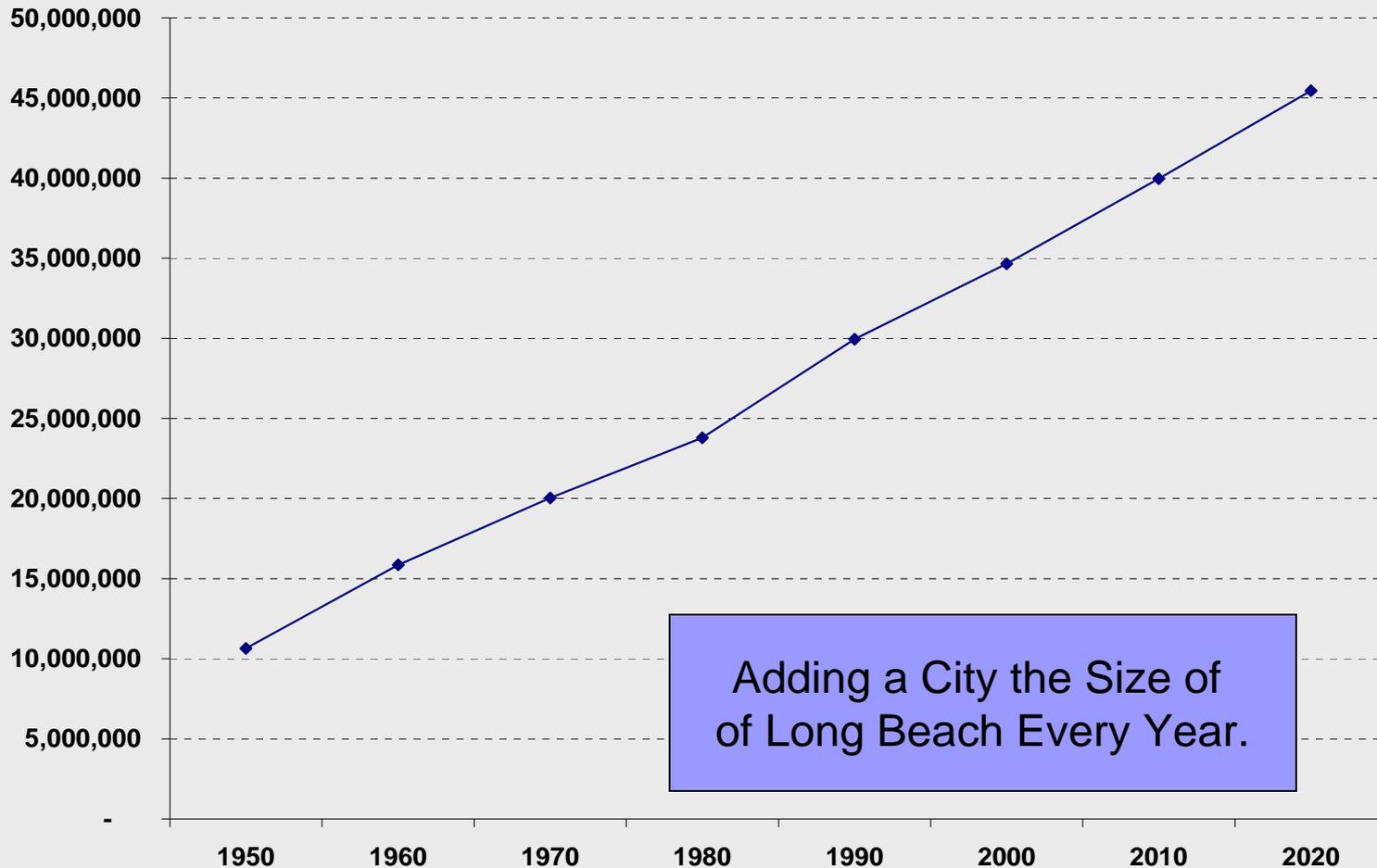
# California's Housing Needs

# Housing Demand Influences

- **Strong Population Growth**
- **Changing Demographics**
- **Housing Supply Shortage**
- **Declining Affordability**
- **Job Growth**
- **Favorable Mortgage Rates**

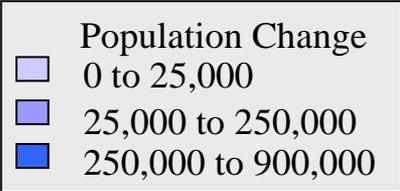
# Strong Population Growth

*California's Population Predictably Grows About 500,000 Per Year.*



# Strong Population Growth

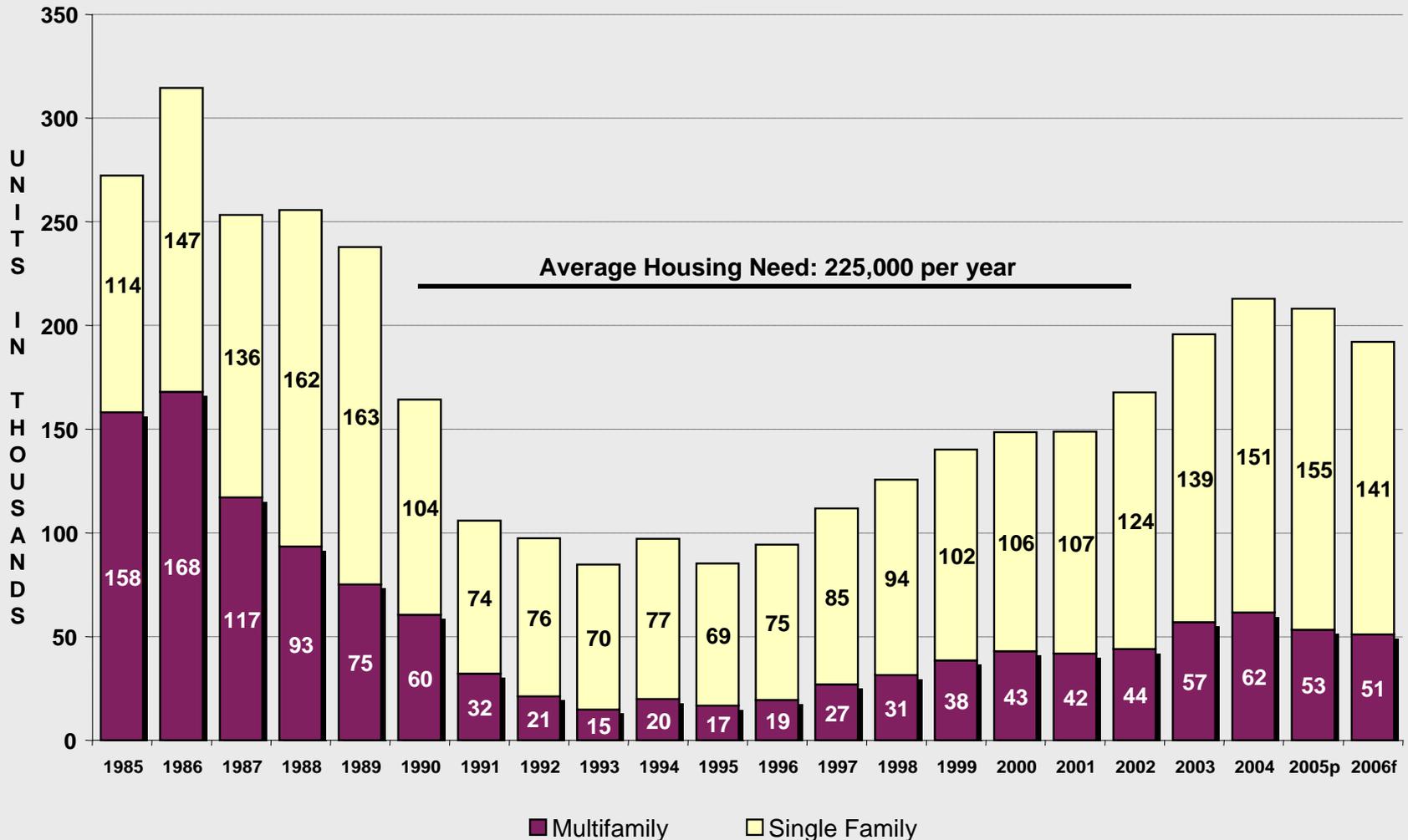
California Today: 37 million  
California 2020: 44 million



Source: DOF Demographics Research Unit, 2003

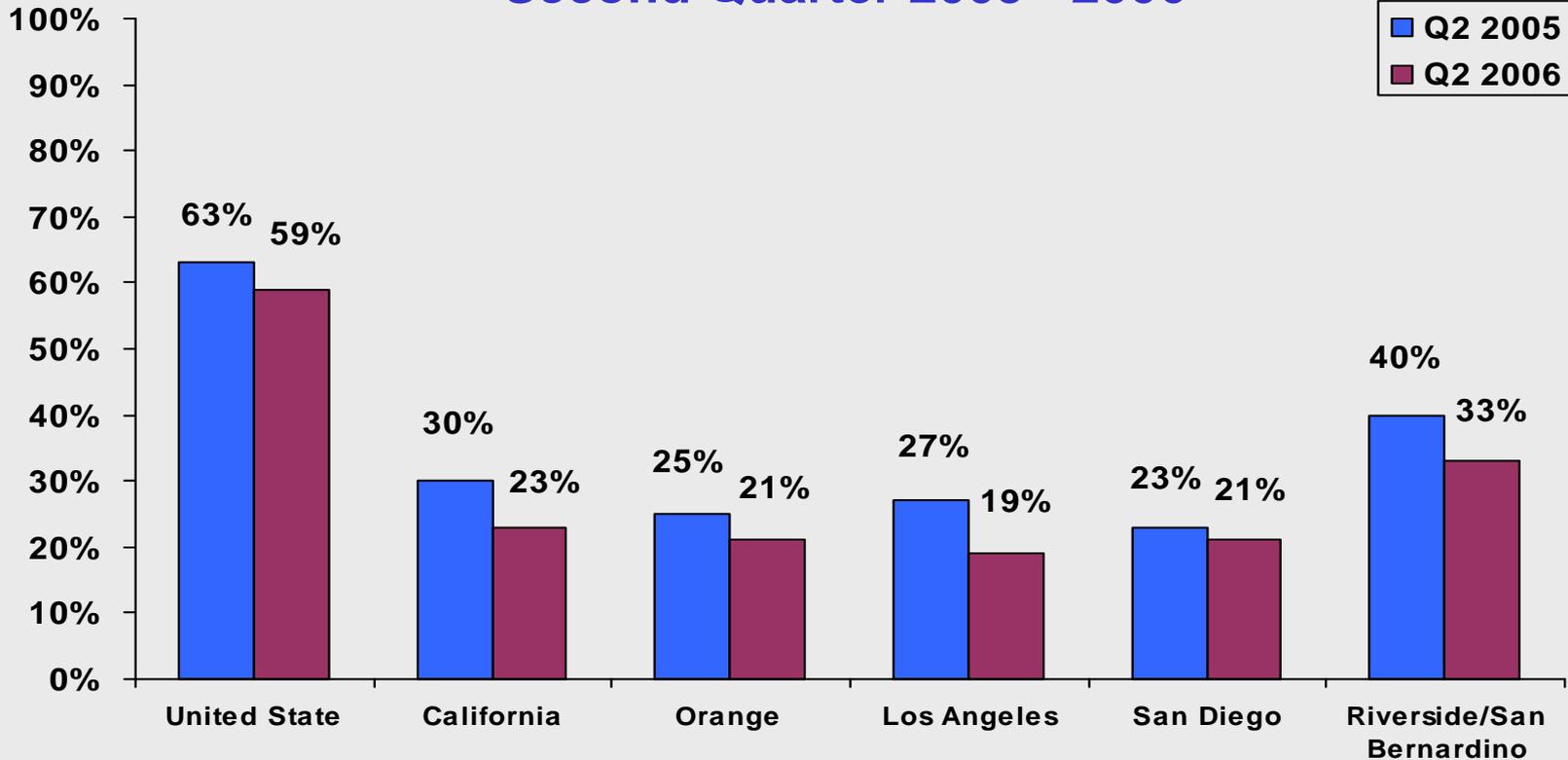
# California Housing Supply

## *New Housing Permits Issued*



# First Time Home Buyers Housing Affordability Index

Second Quarter 2005 - 2006



Percentage of first time homebuyer (FTHB) households able to afford a median-priced detached home

FTHB California Q2 2006 Median Home Price: \$482,000

# Renters

- 40% of all renters are forced to spend more than 30 percent of their income on housing. Nearly a quarter of the renter households in the major metropolitan areas spend more than 50 percent of their income on rent.
- Approximately 24 percent of all renter households are overcrowded (double that of owner households); in some counties nearly one third of all renter households are overcrowded.
- California is second only to Massachusetts in terms of the hourly wage needed to afford the average two bedroom apartment.

# Why Housing is Important

*Housing is a basic element of a successful and equitable society:*

- Contributes \$273 billion per year to economy.
- Generates 960,000 jobs.
- Accounts for approximately 11% of all economic activity in the state.
- Housing industry is the first largest industry group in the state, when all economic multipliers are considered.

# California Housing Bonds



# History of Housing Bonds in California

- **Proposition 77: \$150 Million, 1988**
- **Proposition 84: \$285 Million, 1988**
- **Proposition 107: \$115 million, 1990**
- **Proposition 46: \$2.1 Billion, November 2002**
- **Proposition 1C: \$2.8 Billion, Pending, November 2006**



# **Proposition 46**

## **Accomplishment Highlights**



# Proposition 46

- Proposition 46 (SB 1227, Burton) was passed by the voters in November, 2002. With \$2.1 billion in funding, it is the largest approved housing bond measure in the nation's history.
- As of July 1, 2006, the California Department of Housing and Community Development and the California Housing Finance Agency have Awarded over \$1.5 billion. These funds will create, incentivize, or reward more than 97,100 (97,176) rental and owner occupied homes and shelter spaces.

# Multifamily Housing Program



# Prop 46 MHP Commitments (Cumulative as of July 1, 2006)

- Total Awards: \$826.2 million\*
- Projects Funded: 189
- Units resulting: 13,933
- Leverage: \$2.5 billion (~3:1 ratio)

\*Includes Supportive Housing and Supportive Services Space Awards

# MHP Outcomes through July 1, 2006

	<u>Units</u>
■ Total to be Produced:	13,933
■ Three or more Bedrooms:	4,822 (35%)
■ Supp Hsg or Spec Needs:	1,727 (12%)
■ Deeply Income Targeted:	6,166 (44%)



# Emergency Housing Assistance Program – Capital Development

- Over 10,100 homeless families and individuals have benefited from Proposition 46 Emergency Housing and Assistance Program to create homeless or transitional housing facilities.



# Prop 46 EHAPCD Commitments (Cumulative as of July 1, 2006)

- Total Awards: \$120.9 million
- Projects Funded: 190
- Shelter Spaces: 10,117 new & preserved
- Leverage: \$242.2 million (~3:1 ratio)



# Governor's Initiative to End Chronic Homelessness, Phase I

## Links Proposition 46 (Housing) and Proposition 63 (Mental Health).

- HCD: \$40 million over the next three years for development of housing for the chronically homeless.
- Mental Health Services Act: \$3 million for supportive services and rent subsidies.
- CalHFA: Construction financing.

## California Housing Finance Agency

- Purchase of loans made for supportive housing.

## Interagency Council on Chronic Homelessness

- Meetings with Agency Secretaries and Directors.
- \$125,000 for support of the Council.

# Joe Serna Jr. Farmworker Housing As of December 31, 2005

- The Joe Serna Jr. Farmworker Housing Grant Program awarded \$132.4 million to farmworkers and their families to create more than 6,847 affordable rental or owner occupied homes.



# Homeownership Programs

- **Over 6,500 families became homeowners for the first time or made affordable repairs to their homes through the CalHOME, CalHome-BEGIN and Self Help Housing programs.**
- **\$171.7 million in awards.**

# Jobs Housing Balance Program and Workforce Housing Reward Programs

- California cities and counties have been financially rewarded (\$71 million) for producing more than 39,000 homes for renters and owners through the Jobs Housing Balance Incentive Grant Program and Workforce Housing Reward Program.



# Proposition 46 Update Through July 1, 2006

	Allocated Prop 46 (millions)	Awarded as of 7/06 (millions)	Funds Remaining (millions)
Multifamily Housing Program	\$735.7	\$686.8	\$62.7
<i>Supportive Housing Program</i>	\$179.7	\$119.9	\$59.8
<i>Services Space</i>	\$20.0	\$20.0	\$0.0
<i>Student Housing</i>	\$13.8	\$0.0	\$0.0
CalHome	\$96.4	\$96.4	\$0.0
<i>BEGIN</i>	\$70.7	\$65.9	\$0.0
<i>Self Help Housing</i>	\$9.4	\$9.4	\$4.8
EHAP Capital Development	\$183.3	\$120.9	\$62.4
Serna Farmworker Housing	\$104.8	\$102.4	\$2.4
<i>Migrant Housing</i>	\$13.3	\$12.5	\$0.8
<i>Housing w/ Health Services</i>	\$17.5	\$17.5	\$0.0
J/H Balance & Workforce Hsg	\$95.0	\$71.0	\$24.0
Local Hsg Trust Funds	\$23.8	\$23.8	\$0.0
Accessibility Grants for Renters	\$4.8	\$4.8	\$0.0
Preservation Repositioning	\$4.8	\$4.8	\$0.0
Governor's Homeless Initiative	\$36.9	\$1.5	\$35.4
Code Enforcement	\$4.8	\$4.8	\$0.0
<b>Totals:</b>	<b>\$1,614.7</b>	<b>\$1,362.4</b>	<b>\$252.3</b>

*Since You Asked .....*

**Proposition 1C is the \$2.8 billion  
affordable housing bond component of  
the Strategic Growth Plan.**

**An investment of \$1.8 billion could produce  
homes and shelter spaces for more than  
37,057 families or individuals:**

- Affordable homeownership programs: \$725 million (50 percent of the bond) would help over 23,600 (23,646) families become or remain homeowners. This includes funding for the Building Equity in Neighborhoods Program, CalHome and California Homebuyers Downpayment Assistance Program.

# Proposition 1C, continued

- Rental housing construction programs: \$345 million will provide affordable rental housing for over 4,000 (4,054) families, including rental housing for the State's lower income workforce, the elderly, disabled, and veterans.
- Housing for farmworkers: \$135 million will produce rental and affordable ownership opportunities for over 2,800 farm worker families.
- Homeless permanent housing construction: \$245 million to build permanent housing for the homeless, those transitioning out of homelessness, and foster care youth. Over 2,400 units for permanent housing would be produced.

# Proposition 1C, continued

- Homeless shelter housing construction: \$50 million to construct and expand shelters of last resort and transitional housing for the homeless.
- Transit-Oriented Development: \$300 million for the development and construction of housing and infrastructure development projects within close proximity to transit stations.
- A \$1.8 billion investment would leverage an estimated \$9.4 billion in other private and local funding, and create an estimated 87,000 full time jobs, almost \$3.5 billion in wages and \$520 million in combined federal, State and local tax revenues over the award and construction period.

# Proposition 1C, continued

In addition, the \$2.85 billion Strategic Growth Plan housing bond includes:

- \$200 million for urban, suburban and rural parks
- \$850 million in grants for development of public infrastructure projects that facilitate or support infill housing construction. Projects could include water, sewer and transportation improvements, traffic mitigation, brownfield cleanup and up to an additional \$200 million for parks.





# For More Information

Department of Housing and Community Development

[www.hcd.ca.gov](http://www.hcd.ca.gov)

(916) 445-4775

Or

The California Housing Finance Agency

[www.CalHFA.ca.gov](http://www.CalHFA.ca.gov)

(916) 322-3991